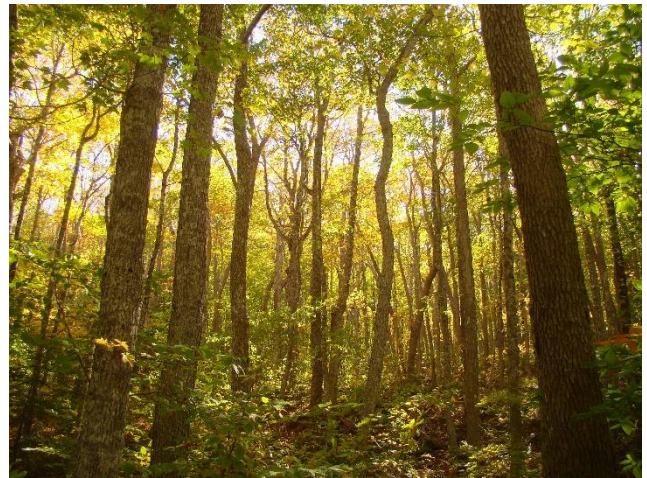

A Healthy Forest Economy and Prosperous Communities – A Collaborative Pilot Initiative

Goal

To provide the leadership to invest in a pilot project, that develops an integrated forestry supply chain, that supports the long term health of our forests through a value added wood product economy.

Background

The forests of Cape Breton have played an important role in the economies and culture of our communities. In recent decades, a focus on pulp and paper production has brought considerable investment and economic benefits to our Island. However, a focus on a single industry and market has resulted in a lack of diversity and resilience in both our forests and our economy.



Cape Breton has been gifted with the ability to grow a diversity of forest types that are both ecologically and economically valuable. These forest types, and their inherent value, have been largely ignored and the potential of our forests to produce high value products and services has remained untapped.

Managing for a diversified forest would clearly benefit our Island, however this can not be done without

suitable markets capable of justifying the cost. Local markets would be ideal; however these can not be successful without a complete supply chain in place.



A coordinated supply chain with appropriate forest management can provide opportunities for a diverse, high value and healthy forest economy.

Forestry has received a lot of negative attention in recent years. The current industrial model is clearly not acceptable to a significant portion of the general public, and there is an appetite to develop

an alternative. Here on Cape Breton, due to the diversity of our forest and land ownership, we have the opportunity to create a value-added diverse forest economy that is complimentary and supportive to existing businesses.

The time is now to undertake a pilot project that puts all the necessary pieces in place to demonstrate how a coordinated supply chain with appropriate forest management can provide opportunities for a diverse, high value and healthy forest economy. The proposed three-year pilot would be focused on north central Cape Breton Island at the former Finewood Flooring facility in Middle River with the idea being, to scale the model across the Island.

The Opportunity

A significant portion of Cape Breton is located within the northern portion of the Acadian Forest region. This forest is capable of producing high value forest species such as yellow birch and sugar maple that are prized by many wood workers. Our northern position within this region means that as climate changes, our ability to produce these forest types will only increase.

Cape Breton also has a diversity of ownership types, and this diversity can lead to a more robust supply chain. A significant portion of Crown Land on Cape Breton will soon transfer to the management jurisdiction of the Unama'ki Institute of Natural Resources (UINR). UINR, which manages the natural resource initiatives of the five First Nations Communities, would benefit from the diversified markets and ability to manage for the overall health and cultural value of the forests. The partnership and involvement of Unama'ki/Cape Breton Mi'kmaq communities will be a key to the success of the initiative.



A reason cited for the lack of investment we have seen in value based wood businesses on Cape Breton has been the lack of a stable and predictable wood supply resulting from the multitude of individual woodlot owners. It has been very hard to attain capital to invest without a wood supply agreement, and impossible to obtain a wood supply agreement from individual woodlot owners. The Cape Breton Privatelands Partnership is a not-for-profit woodlot owner group formed in 2014 whose objective is to provide independent support and guidance to woodlot owners on Cape Breton. The group currently has over 300 members, and is growing by about 100 woodlots per year. Most woodlot owner members are interested in managing their woodlots for the highest value possible, and would be anxious to participate in a project aimed to do just that.

In order for a high value market to exist, there must also exist a market for the lower value products that are necessarily produced. A key success factor will be the local development of these markets. Technologies exist, and are currently in use in the Maritime region, that allow for the economic production of heat for facilities such as hospitals, schools and similarly sized facilities from biomass produced through silviculture and thinning operations instead of clear cutting. While not operational locally, small and medium scale cogeneration of electricity and heat also shows significant promise. Cooperation of municipalities, provincial government and other facilities in the project could allow for the development of this important market.

Cape Breton would be an ideal destination for small businesses and individuals interested in starting high value wood working businesses. We have a low cost of living, a world-renowned culture and natural environment, and a diverse forest that can produce high value wood. A concerted effort to attract, support and promote these types of businesses could position Cape Breton as a hub for this type of business.

An important factor in the development of any business will be training, including actual wood working skills, as well as marketing, business, and forest management. An opportunity exists for a local training facility in Wagmatcook, where the NSCC Learning Centre already provides training for the trades. Development of a training program would not only assist existing businesses, but would help to position Cape Breton as a hub for this type of industry.



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A significant hurdle for any such business will be the investment in necessary equipment such as a kiln. The former Finewood Flooring facility, located in Middle River, would make an ideal location for a

demonstration wood enterprise hub, offering a platform for shared equipment and manufacturing space. An incubator such as this would significantly reduce the start-up cost and risk, and would be a significant attraction for new businesses. The facility, including kilns, is currently for sale and its purchase would be an important first step for the pilot project.

**First Nation
Communities**

Municipalities



What's Next?

- Sign a Memorandum of Cooperation with a Terms of Reference for the pilot with all partners. (Mi'kma'q 51% ownership)
- Establish diverse stakeholder advisory capacity to oversee the project.
- Identify a lead organization(s) to provide administrative capacity.
- Develop equity fund;
 - to purchase of Finewood facility. (see attachment)
 - to undertake product development
 - for training and education
- Hiring of two development coordinators, reporting to the advisory committee,
- Develop 3 year strategic business plan.

Potential partners: UINR, Wagmatcook, We'koma'q, Eskasoni, Membertou, Potlotek, Municipalities of Inverness, Victoria, Richmond, CBRM and Port Hawkesbury, Cape Breton Private Woodlands Partnership, New Dawn Enterprises, Port Hawkesbury Paper, Larchwood,